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SCIENCE

FOREIGN AGRICULTURE

October 18, 1971

Changes in World Farm Trade Patterns

The Singapore Market

OCT 27 1971

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This week's cover:

Harvest in an Indian tea garden. India is by far the world's largest tea producer; and last year, by a narrow margin over Ceylon, it regained the rank of world's largest tea exporter. But rising domestic demand is pushing it to step up production. (See story on pages 8 and 9.)

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Changing Patterns Of United States And Worldwide Agricultural Trade

World Agricultural Trade: 1/

Imports by ➡

Exports by ➡

Developed countries:[2]	
Total exports	
Agricultural exports	
Food	
Feed	
Raw materials	
Less developed countries:[3]	
Total exports	
Agricultural exports	
Food	
Raw materials	
Central-plan countries:[4]	
Total exports	
Agricultural exports	
Food	
Raw materials	
World:	
Total exports	
Agricultural exports	
Food	
Raw materials	

NOTE: The reader can best understand the use of this table by remembering that the column headings are importing regions while the table stub on the far left shows the exporting regions. Thus, by reading down one obtains imports by the region listed and by reading across one obtains exports.

By ARTHUR B. MACKIE
Foreign Development and Trade Division
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Since World War II the international flow of farm products has undergone some major changes in proportion to total world trade, in direction, and in composition.

These changes have received little publicity, but they affect the trade of all agricultural exporting and importing countries—including the United States. In fact, U.S. farm trade abroad has closely followed world trends.

One of the better known changes is the relative shrinkage of agricultural trade in proportion to total world trade. In the 1920's and 1930's farm products and agricultural raw materials (including, in this period only, crude fertilizers, wood, wood products, and some ores) accounted for about 50 percent of all international trade. By 1955 agriculture's share had decreased to about 32 percent; by 1965 it had diminished to 25 percent; and by 1970 it was down to about 20 percent.

This new relation between farm and industrial trade has several causes. One is that developed countries (the chief customers for agricultural goods) have a relatively low income elasticity of demand for farm products in contrast to relatively high income elasticity of demand for manufactured items. (One person can only eat so much food; but there is no physical limitation on the number of machines, gadgets, or conveniences he can buy.)

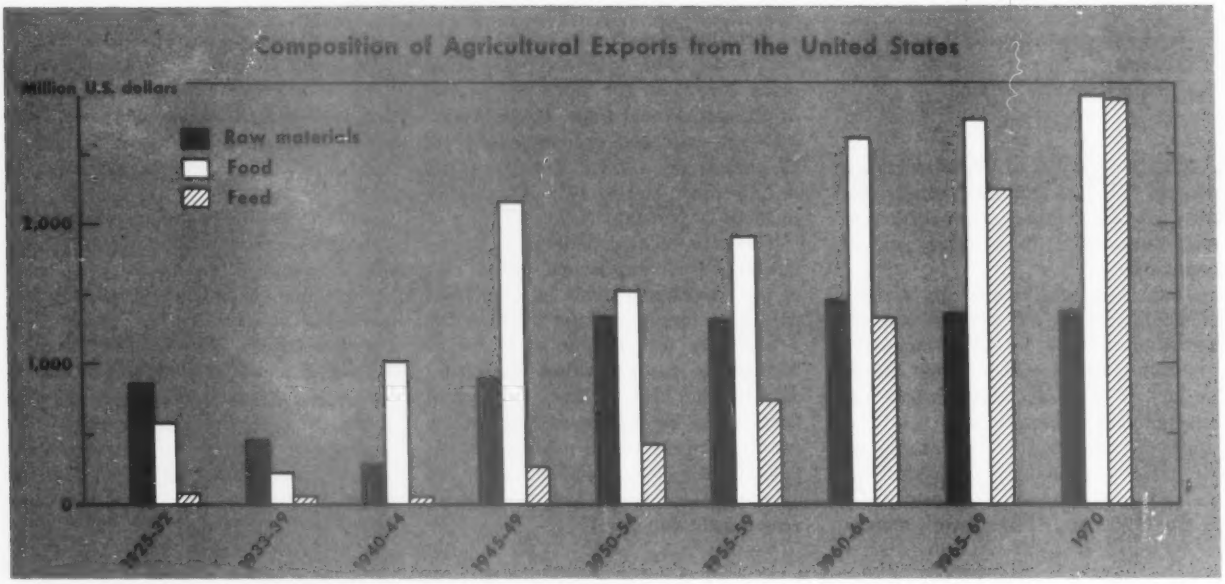
Another reason for the fall in agriculture's trade share is that some industrial products have substituted in world trade for agricultural items. An example is the now common use of various manmade fibers instead of natural fibers of cotton, wool, hemp, sisal, or silk.

A less well-known change in international agricultural trade is that developed countries are increasingly each other's best customers and that this orientation appears to be growing in importance. In 1955 about 35 percent of world agricultural trade was between developed countries. By 1965–69 the share had risen to 42 percent. One reason for the trend is the substitution by developed countries of farm goods from each other for products from less developed countries.

By Economic Groupings of Countries, Commodities, and Years

Developed countries [2]			Less developed countries [3]			Central-plan countries [4]			World		
1955 *Bil. U.S. dol.*	1960-64 *Bil. U.S. dol.*	1965-69 *Bil. U.S. dol.*	1955 *Bil. U.S. dol.*	1960-64 *Bil. U.S. dol.*	1965-69 *Bil. U.S. dol.*	1955 *Bil. U.S. dol.*	1960-64 *Bil. U.S. dol.*	1965-69 *Bil. U.S. dol.*	1955 *Bil. U.S. dol.*	1960-64 *Bil. U.S. dol.*	1965-69 *Bil. U.S. dol.*
42.1	71.5	118.1	16.7	22.8	31.6	1.3	3.6	6.1	60.1	97.9	155.8
10.5	15.4	20.7	2.4	3.9	4.8	.5	1.1	1.3	13.4	20.4	26.8
7.0	10.2	14.1	2.0	3.3	4.0	.3	.9	.8	9.3	14.4	18.9
1.4	2.6	4.1	.1	.2	.4	0	.1	.3	1.5	2.9	4.8
2.1	2.6	2.5	.3	.4	.4	.2	.1	.2	2.6	3.1	3.1
17.1	21.6	30.6	5.8	6.5	8.6	.6	1.6	2.3	23.5	29.7	41.5
10.5	10.5	11.8	2.6	2.4	2.8	.5	1.5	1.9	13.5	14.4	16.5
6.9	7.5	8.8	1.6	1.7	2.1	.2	.8	1.2	8.7	10.0	12.1
3.6	3.0	3.0	1.0	.7	.7	.3	.7	.7	4.9	4.4	4.4
1.7	3.3	5.9	.6	2.1	3.4	6.9	11.8	15.5	9.2	17.2	24.8
.9	1.4	2.3	.1	.5	1.0	2.0	2.3	2.6	3.0	4.2	5.9
.5	.8	1.3	.1	.4	.9	1.2	1.4	1.6	1.8	2.6	3.8
.4	.6	1.0	0	.1	.1	.8	.9	1.0	1.2	1.6	2.1
60.9	96.4	154.6	23.1	31.4	43.6	8.8	17.0	23.9	92.8	144.8	222.1
21.9	27.3	34.8	5.1	6.8	8.6	3.0	4.9	5.8	30.0	39.0	49.2
14.9	19.6	26.1	3.8	5.4	7.2	1.7	3.0	3.8	20.4	28.0	37.1
7.0	7.7	8.7	1.3	1.4	1.4	1.3	1.9	2.0	9.6	11.0	12.1

[1] Includes SITC Sections 0, 1, 2 (excluding Divisions 24, 25, 27, and 28), and 4. [2] Includes United States, Canada, Western Europe (includes Yugoslavia and Turkey), South Africa, Japan, Australia, and New Zealand. [3] Includes all countries in Central and South America, Africa, Asia, Pacific, and Caribbean not listed elsewhere. [4] Includes USSR, Eastern Europe (except Yugoslavia), Mainland China, North Vietnam, North Korea, and Mongolia.



This substitution has seriously affected the total agricultural marketplace of the less developed countries, whose chief customers have historically been the developed nations. While the value of annual farm-product sales by less developed countries rose from $13.5 billion in 1955 to $16.5 billion in 1965–69, their share of the world agricultural market fell from 45 percent in 1955 to 33 percent in 1965–69.

Further affecting the shares of the world agricultural market held by developed and less developed countries is a trend among less developed countries to import fewer agricultural goods from each other and more from developed countries.

A few figures illustrate the progression. In 1955 the less developed nations supplied 49 percent of their own agricultural imports, 46 percent came from developed countries, and 5 percent came from countries with centrally planned economies. By 1965–69 developing countries sold each other only 34 percent of their farm imports, the developed countries' share had risen to 56 percent, and the central-plan countries had acquired 10 percent of the market.

A countertrend was provided by gains by less developed countries in the share of the agricultural market in central-plan countries. The slow growth of trade among central-plan countries themselves has been the chief reason, and developed countries also have benefited from increased sales.

Taken all together, the shifts in agricultural trade directions and shares between developed, less developed, and central-plan countries have been associated with the third type of change prevalent on world farm markets—the change of commodity emphasis.

Particularly important during the past 15 years has been the rapid growth in trade of foods and feeds and slow growth in trade of agricultural raw materials. For example, the value of world exports of foods and feeds increased about $17 billion from 1955 to 1965–69; for the same period trade value in agricultural raw materials increased only $2.5 billion. As a result of this disparity in growth, food and feed exports increased from 68 percent of world agricultural trade in 1955 to 75 percent in 1965–69.

However, developed and less developed countries again have not shared equally in the expanding portions of the world agricultural market. For example, developed countries have had most of the benefit of increased trade in foods and feeds. From 1955 to 1965–69 developed countries increased their share of their own food market from 50 to 61 percent while the share held by less developed countries dropped from 46 to 34 percent.

While the United States and other developed countries have adjusted their production to changing world import demand, the less developed countries have not. They have failed to gain from the recent growth in world trade in feeds and feed products.

The commodities in which the developing countries have had the greatest losses in market shares in recent years are corn, oilseeds, feedstuffs, and fruits and vegetables. These products account for over 60 percent of their total loss of market share since 1960. They all have high income elasticities of demand—or are raw materials for producing livestock products that have high income elasticities of demand.

Similar trends affected developed and less developed countries' shares of markets for agricultural raw materials during this period. Among developed countries, intratrade in raw materials increased by nearly 4 percent a year while the market share held by less developed countries fell by 1.5 percent annually.

While the developed countries have been turning more and more to each other for food and raw material imports, the less developed countries have not had a similar growth in trade among themselves. Instead, they have imported more farm goods from developed countries.

Between 1955 and 1965–69, imports by developing countries of food and feed from developed nations grew 6 percent annually; food imports from other developing countries increased only 2.3 percent a year. During the same period, developing countries'

imports of agricultural raw materials from developed nations rose 6 percent annually; imports from other less developed countries fell at a rate of 2.9 percent a year.

The slow growth of trade in farm products among developing countries compared with the rapid expansion of imports from developed nations is related in part to food aid programs—especially that of the United States.

Meanwhile, a significant change in the world trade of foods and feeds has been the sharp climb in exports and imports of feedgrains, oilcake and meal, soybeans, and other feedstuffs. This development of the 1960's resulted from accelerated livestock production in Japan and Western Europe and has influenced the commodity composition of world agricultural trade—especially the trade of developed countries.

Major importers of agricultural products among developed countries have had more rapid growth in imports of feeds than of either foods or agricultural raw materials. For example, while food imports rose approximately 8 percent annually during the 1960's in the European Community (EC), feed imports climbed nearly 10 percent a year. And in Japan feed imports for the same period raced upward nearly 19 percent annually while food imports increased about 11 percent a year.

How has this trend affected major agricultural exporters among the developed countries? And, especially, how has it affected the United States?

U.S. commodity export emphasis has closely followed the trend of world markets during the 1960's with dramatic increases in feed exports. For the period 1960–64 about 24 percent of total U.S. agricultural exports consisted of feed; by 1970 feed comprised nearly 40 percent. Chief U.S. customers were Japan and EC countries.

U.S. agricultural exports have, long before the 1960's, shown considerable flexibility in adapting themselves to the world farm-product market. In the 1920's and 1930's, when world markets were oriented toward agricultural raw materials, exports of the United States had the same emphasis. During World War II, however, and the years immediately following, U.S. farm exports converted to food—the commodity most needed. The present U.S. export trend toward feeds is only the latest change in adapting U.S. farm exports to suit the world market.

Williams Commission Reports on U.S. Needs In World's Farm Trade

In the first thorough review of U.S. international economic policies by private citizens sponsored by the Executive Branch since 1954, the Commission on International Trade and Investment Policy (also known as the Williams Commission) presented its findings to President Nixon on July 14, 1971. The Commission's report was made public on September 13.

The Commission report gives both a broad picture of the present international economic situation and some detailed suggestions on how the United States might improve its position. A number of the short-term suggestions in the report were paralleled by actions announced on August 15 for President Nixon's New Economic Policy.

The Commission report, entitled "United States International Economic Policy in an Interdependent World," first sketches how the world has changed economically since World War II, how interdependent all major economic powers have become, and how large a part of their economic health depends on the present multilateral trade and payments systems.

At the same time, the report indicates, confidence is weakening in the United States that this country is getting its fair share of expansion in world production and trade. This "crisis of confidence" expresses itself, among other ways, in mounting pressures for U.S. import restrictions and growing demands for retaliation against foreign measures that put U.S. agricultural and other products at disadvantage in foreign markets.

With the goal of formulating a program that would help the United States redress its international position, the Commission report lists a number of general problems and 147 specific recommendations for action.

Among the urgent priority problems are included the prevention of further impairment of U.S. agricultural trade interests by gaining commitments from the European Community (EC) to eliminate illegal preferential trade arrangements and to liberalize its Common Agricultural Policy. According to the Commission's report:

The high prices fixed under [the EC's Common Agricultural Policy]—supported primarily by means of variable import levies—have prevented effective price competition and forced third countries into the position of residual suppliers. Furthermore, the Community has used export subsidies aggressively to dispose of surpluses produced under the stimulus of its high support prices.

U.S. agriculture has been greatly affected by these restrictions on and distortions of agricultural trade. Endowed with plentiful good land and highly efficient technology and organization, we have a productive capacity far in excess of our domestic needs. Only on the basis of large and growing exports can we use our resources efficiently and thereby exploit our comparative advantage in agriculture.

As our access to foreign markets has been curtailed, a major part of our farm resources, particularly cropland, has been withdrawn from production—with depressing effects on farm income.

Sixteen (not all listed in the chapter on agriculture) of the Commission's 147 specific recommendations for action deal primarily with agriculture. Suggestions aimed directly at alleviating problems in international agricultural trade stemming from tariff and domestic agricultural policies are that the United States should:

- *Actively seek policies worldwide that will promote a more rational use of the world's agricultural resources.*

(Continued on page 16)

U.S. Farm Products Have Good Future in Singapore

By DALE K. VINING
U.S. Agricultural Attaché
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Singapore is a small but steadily growing market for U.S. foods, fibers, and tobacco. U.S. sales, which stood at $13.4 million in 1966, rose to $27.2 million in 1970.

During the same time, the U.S. share of the Singapore market has trended upward—from 4.6 percent in 1966 to 6.8 percent in 1970. The U.S. share appears small because statistics include Singapore's entrepôt trade. For example, Singapore's port is the main shipping point for imported Malaysian pineapple. The country also imports large quantities of black pepper from Sarawak for reexport to all parts of the world. Significant tonnages of Malaysian palm oil, recorded as imports, also are reexported to other world markets.

Most of the U.S. farm products imported by Singapore are consumed locally, although small amounts are reexported to nearby markets and some are shipped out via ship chandlers.

The composition of Singapore's imports from the United States tends to differ from that of other U.S. markets in that over a third of the island's takings are in the form of processed foods or fresh fruits such as grapes and oranges.

This is mainly because of higher freight rates from the United States compared with those of nearby suppliers. The higher U.S. freight rate applied to a can of peaches has a far smaller price impact on retailers and consumers than a higher rate applied to a bulk commodity such as wheat. Thus the greater part of the U.S. Department of Agriculture's market development efforts in Singapore have centered on processed foods.

These efforts have paid off in increased sales. For example, sales of U.S. frozen beef rose from $22,000 in 1967 to $121,280 in 1970 following a series of hotel shows where USDA personnel demonstrated for food managers and chefs from the leading Singapore hotels and restaurants the best and most economical ways to use beef. Current export figures for U.S. frozen beef in the period January to May 1971 show a 12-percent rise over the corresponding period of 1970.

Dried raisins, too, are showing the results of market development efforts. The Singapore bakery trade has started to use more U.S. raisins despite the price premium caused by higher freight rates.

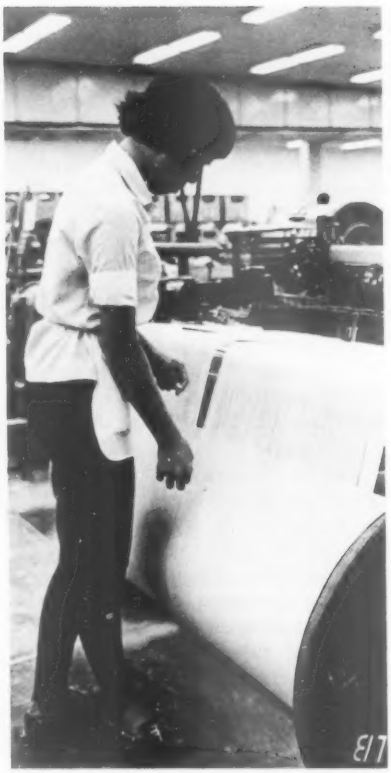
U.S. oranges, lemons, and grapefruit enjoy an excellent reputation in Singapore. Oranges, particularly, are desirable because they are considered sweeter and less fibrous than the oranges of other countries. Sales fluctuate in line with California and Arizona output.

Imports of one U.S. product, frozen chickens, have dropped off considerably in recent years. In 1960–65 the United States held an average of nearly 60 percent of the market. This share skidded to only 8 percent in 1970. Subsidized price competition, mainly from Denmark and the Netherlands, is the principal cause of this drop in U.S. sales. The EC permits the Netherlands a subsidy of 7.4 cents a pound on chickens to the Singapore market and the Danes subsidize their exports to be competitive.

Singapore consumers have been willing to pay a premium of 3 to 4 cents a pound for U.S. quality poultry. However, when the price disparity between U.S. chickens and Danish or Dutch chickens rises to 5 to 10 cents a pound, reduced sales of the U.S. product result.

Longer shipping time from the United States is a major deterrent to increasing U.S. sales to Singapore. A further problem, which is gradually being overcome, is the tendency of Singapore importer-wholesalers to order goods in small quantities, thus raising the unit price of the imported items.

Consumer reaction to high prices and bare shelves is causing retailers to carry larger stocks than in the past. In 1968, for example, frozen meat importers customarily placed orders for 500 to 600 pounds of beef at a time from the United States. Currently, however, importers are buying U.S. beef in 3- to 4-ton lots per order.



Weaving U.S. cotton in Singapore mill.

Despite the disadvantages in the Singapore market, sales of U.S. farm products continue to rise. With reasonable market development efforts, even larger sales can be expected in the future. Of course, this forecast is based on continued prosperity in the island republic.

The island's 224 square miles house 2 million people. Land is at a premium

SINGAPORE'S FARM IMPORTS:

Commodity
Meat and meat animals
Milk and dairy products
Grains, milled, unmilled, cereals, flour
Fruits, vegetables, fresh, dried, preserved [2]
Animal feedstuffs
Fats, oils, oilseeds [2]
Tobacco, manufactured, unmanufactured
Cotton
Foods and beverages n.e.s.
Total

[1] Revised. [2] Including nuts. [3] Including nuts

and is mainly earmarked for housing and industrial uses. Thus, the greater part of Singapore's food, fiber, and tobacco needs must be supplied through imports.

Because of its dependence on imports of farm products and the needs of its entrepôt trade, Singapore's import policy is very liberal. Import duties are low. Quantitative restrictions, import quotas, and exchange controls are minimal. The country normally has a surplus balance of payments and foreign exchange holdings are quite adequate.

In the late 1960's, Singapore's planners—fearful of the adverse economic impact expected from the reduction in British troops to be completed this year—initiated an industrial drive as a means of offsetting any loss of income. The favorable economic climate, including various incentives offered by the Government of Singapore, has attracted a number of firms and plants to the island. Some already have been established, others are being constructed, while still others are in the planning stage.

Singapore has without question switched from a primary producer to a producer of a fairly wide range of sophisticated industrial and marine products as well as other manufactures. The Republic is rapidly becoming a regional supply, construction, and operational base for industries such as shipbuilding and repairing, container shipping, and oil refining.

Only recently, the go-ahead was given to build a bulk handling facility and tanks for inedible tallow shipped to Singapore in tankers. This facility should help U.S. tallow exporters to compete for the first time in this market through a reduction in handling and freight costs.

APPROXIMATE FREIGHT RATES TO SINGAPORE PER 40 CUBIC FEET TON FROM SPECIFIED COUNTRIES

Commodity group	United States	United Kingdom	Australia	Japan	Denmark	Netherlands
	U.S. dol.	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*
Frozen poultry	135.75	95.20	59.36	78.00	93.70	93.70
Frozen beef	216.75	127.50	100.35	78.00	93.70	93.70
Wheat, unmilled	18.50	—	9.25	—	—	—
Rice [1]	45.00	—	—	—	—	—
Fresh fruits	87.50	77.65	65.63	78.00	76.45	76.45
Canned vegetables	84.50	57.25	33.35	45.45	50.55	50.55

[1] Thailand $7.80 and Burma $8.00.

This new and rapidly increasing industrial complex, with its viable commercial base, has brought unexpected prosperity to the island republic. Singapore's per capita gross domestic product (GDP) in 1970 reached $905—a substantial increase over 1969 and the highest of any developing Asian nation.

Singapore consumers are becoming more affluent. According to a 1969 press readership survey, the percentage of people in the middle and upper income groups was much higher than in the low income group, and this trend is continuing.

Singapore's prosperity is having an impact on the diet and consuming habits of its people. Although rice still constitutes the bulk of the diet, per capita rice consumption is declining gradually in favor of other foods. This is particularly true with young people, and 70 percent of the population is 29 years of age or younger.

Also, increased job opportunities, created through rapid industrialization, have formed a corps of working housewives who no longer have unlimited time to prepare meals. Thus the buying habits of women favor quick foods.

In addition to the commerce of its port and the output of its new factories, Singapore is preparing to tap another industry—tourism. This industry is expected to play an increasing role in the Republic's economy in future years. The growth of travel—especially group travel to Southeast Asia from the United States, Australia, Europe, and Japan—and the introduction of the jumbo jet (in July 1971) are expected to result in a rapid rise in tourists visiting Singapore.

In expectation of this, a large number of hotels recently have been completed or are under construction. By the end of 1972, Singapore expects to have nearly 14,000 hotel rooms available for tourists. The tourist industry will create an additional demand for imported foods.

USDA has concentrated its market development efforts on the hotel and restaurant trade. Institutional food packs from the United States can be found in many of the new luxury hotels in increasing quantities. Idaho baking potatoes and frozen french fries are among the new U.S. items used by many Singapore hotels.

Although U.S. promotional efforts have focused on institutional trade, there has been a "spillover" into retail trade. For example, select cuts of U.S. beef now are being retailed; as recently as 1968 sales of this product were virtually nonexistent. Frozen precooked turkey and chicken rolls also have benefited indirectly from U.S. institutional promotion.

Singapore is a quality market and both housewives and restaurant chefs readily accept U.S. products as quality food. The U.S. food industry is contributing heavily to the U.S. reputation as a consistently reliable supplier of high-quality farm products. The trend of Singapore's economy is toward increased prosperity through commercial, industrial, and tourist industries. Despite minor deterrents, U.S. quality foods, fibers, and tobacco should find an ever growing market in Singapore.

QUANTITY FROM THE UNITED STATES AND TOTAL AMOUNT, 1967-70

1967 [1]		1968 [1]		1969		1970	
U.S. origin	Total imports	U.S. origin	Total imports	U.S. origin	Total imports	U.S. origin	Total imports
1,000 U.S. dol.	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*
1,152	19,357	1,638	22,024	1,341	22,380	1,278	25,588
536	17,018	738	15,619	586	16,896	870	16,857
2,537	72,002	2,609	83,883	1,898	62,282	1,543	62,404
3,596	64,423	1,852	65,403	3,001	70,249	3,742	75,015
170	26,746	229	28,157	1,030	30,418	1,228	29,819
150	28,625	124	22,763	170	32,115	6,665	53,466
5,349	13,012	6,150	19,748	9,974	28,356	9,552	24,871
1,037	2,553	1,261	3,142	928	4,206	1,138	6,101
1,153	66,028	972	75,973	1,104	93,978	1,204	101,888
15,680	309,764	15,573	336,712	20,032	359,880	27,220	396,009

and kernels.

India's Tea Industry Is Caught in Squeeze by Domestic, Export Needs

By VISHWA M. TANDON
Office of the U.S. Agricultural Attaché
New Delhi

Indian tea producers are caught in a squeeze between a booming domestic demand generated by India's upsurge in population and personal incomes and the country's need for greater export sales of tea.

India is the world's largest tea producer by a substantial measure—growing 422,000 metric tons in 1970 compared with a crop of 212,000 tons in second-place Ceylon. However, the subcontinent and Ceylon are contesting each other for title of the world's leading tea exporter.

In 1965 Ceylon replaced India in the No. 1 spot and kept that position until 1969. In 1970, however, India regained top place by exporting 208,430 metric tons to Ceylon's 208,277 tons.

Despite a production increase from some 300,000 metric tons in the early 1950's to about 400,000 tons in the late 1960's, India's exports have remained static in recent years at around 200,000 metric tons and, in fact, have trended downward from a high of 223,500 tons in 1963.

Both production and exports are expected to rise substantially by 1973. The production target is 460,000 metric tons, while exports are targeted at 230,000 tons.

Although India's failure to increase its tea exports in recent years has affected the country's receipts of foreign exchange, tea sales still account for 10 percent of India's foreign exchange earnings. And tea production provides employment for about a million persons, a critical contribution to the economy of a country with India's unemployment problems.

India's population has increased by more than 50 percent in the past 20 years—from 361 million in 1951 to 547 million, according to the latest census in April 1971. Average annual individual incomes have risen from a range of $66–$70 a decade ago to a current spread of $80–$85. The country's growing population coupled with higher personal incomes has created thousands of new consumers who can now drink more of what is probably their favorite beverage. As a result tea consumption has more than doubled since 1951.

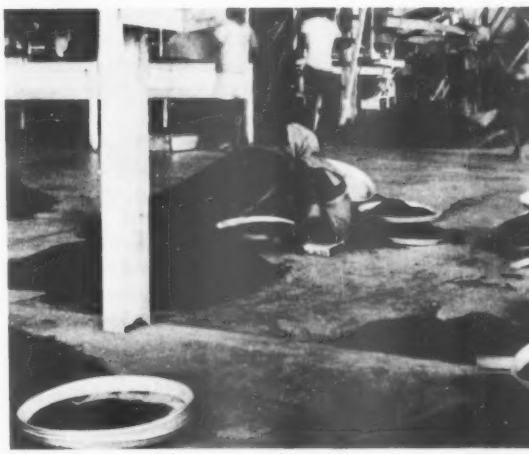
As incomes continue to rise, the use of tea—still a luxury to millions of lower income Indians—will expand even more. To keep pace with this demand and to maintain its current level of exports, an early upturn in Indian tea production is imperative.

India's 1970 production of tea—422,000 tons—was an alltime high, up 4.8 percent from the previous high of 402,500 tons in 1968 and 6.5 percent over the 1969 output of 396,000 tons. The gain in 1970 was due primarily to favorable weather and to an absence of serious labor troubles in the gardens like those in 1969.

India's 1970 tea exports—208,430 metric tons—were 23.5 percent above 1969's 168,700 tons. The value of tea exports in 1970 was $198 million, compared with $160.7 million in 1969 and $222 million in 1968.

Fortuitously, the excellent crop of 1970 coincided with a recovery in demand in the United Kingdom, and prices there were buoyant. Other contributory factors were the 1969 Mauritius agreement among producing countries to regulate exports, and the abolition of an export tax on tea by the Indian Government in March 1970.

Despite the good showing last year, Indian tea exports have suffered major setbacks over the past two decades in important markets of developed countries. The ground lost in these countries was partially compensated by increased shipments to countries in the Middle East, East Europe, and the USSR,

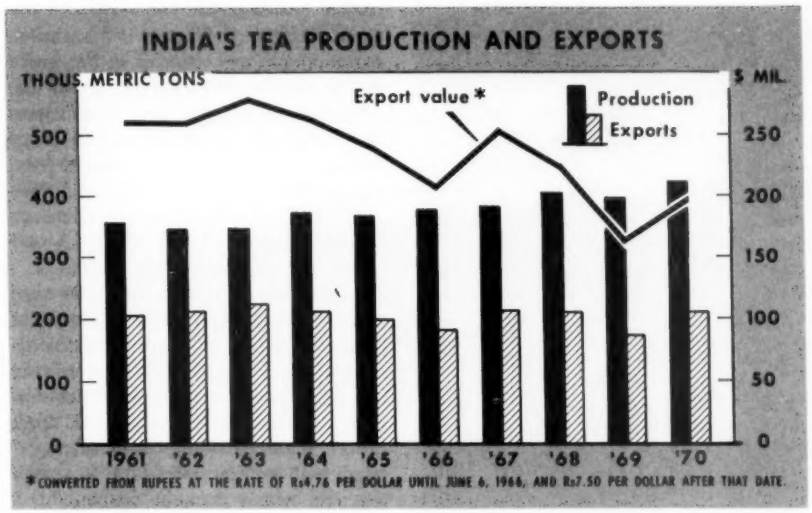


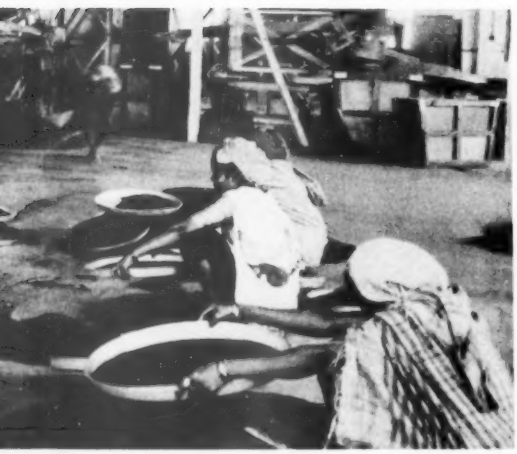
many of which have bilateral trade agreements or rupee-payment arrangements with India.

Tea sold to these markets increased from 20 percent of India's tea exports in 1960-62 to 45 percent in 1969, but declined to about 35 percent in 1970.

With increasing African competition in Great Britain, India is forced to rely more on its newer markets for future exports as tea consumption in these countries expands. At the same time, however, strong efforts will undoubtedly be made to enlarge or at least maintain the current level of exports to developed countries. The latter countries still account for most of India's tea trade.

Currently the Indian Tea Board is directing special attention to the development of promising tea markets in West Germany, the United States, and Japan—the latter a growing importer despite its own substantial production.





A tea processing plant in Assam (top). Workers taking tea and snacks during a break at an improvised tea stall outside a Government office (bottom).

The outlook for exports of Indian tea in 1971 appears favorable. Conditions that could help India increase its tea sales are:

- A decision by exporting countries to keep total global export quotas at the 1970 level of 594,000 tons.
- A determination to maintain the combined export quota for Ceylon and India at last year's level of 421,000 tons.
- Drought in East African tea producing areas.
- Recent Ceylonese disturbances which interferred with tea output in the island nation.
- Disruption of East Pakistan's tea production.

Despite these signs, however, prospects for continued expansion of exports are clouded—especially by the strengthening of India's domestic demand. Internal tea consumption is estimated to have increased from 83,000 metric tons in 1953–54 to 226,000 tons in 1969-70, a compound growth of 6.5 percent a year.

Because of India's rising population and per capita incomes and increasing urbanization, the rate of increase in domestic consumption is expected to moderate only slightly—if at all—in the seventies. Total internal demand for 1979–80 is forecast by different sources at 350,000 to 400,000 tons.

If exports are to rise even slightly, production will have to be accelerated beyond 3 percent. To attain this goal the Indian Tea Association and the Government have encouraged planters to make wider use of fertilizer, to maintain better control of pests and disease, and to renew old gardens and maintain full tea stands.

These programs, however, have not had a significant impact to date. In recent years replanting has been at a rate of less than 1 percent of total area a year, although an estimated one-half of India's existing tea bushes are overage and uneconomic.

India must take more positive steps to improve production if it is to expand exports as well as meet increasing domestic demand. Higher subsidies for replanting may be one answer. Another could be more efficient use of labor, an improvement now limited by agreements fixing the number of workers per acre regardless of efficiency.

The Government's action earlier this year—when it abolished the export tax on tea and increased the domestic excise tax on tea—may have been partly responsible for recent export expansion. It is likely, however, that the Government will have to take other steps in the future to encourage producers to step up production enough to meet both export and domestic needs.

New Export Climate For Cotton

"Our cotton producers have an opportunity . . . a long-term opportunity . . . to regain their former role in world cotton trading. I urge them to make the most of it.

"If the American cotton grower can compete in world fiber markets, 1972 is the year to prove he can do it."

U.S. cotton producers have the opportunity and challenge to fill a gap between supply and demand in the world cotton market, Kenneth E. Frick, Director of the Agricultural Stabilization and Conservation Service, said in a September 28, 1971, speech. Excerpts from the speech, given to a Lubbock, Texas, audience of the Plains Cotton Growers, follow.

Cotton has a market—the downward trend in U.S. mill consumption has been stopped, and export demand is strong. Free World cotton production has fallen short of demand for several years, and stocks have fallen. I think export markets would have taken as much as 5 million bales of U.S. cotton this year rather than the estimated 3.7 million bales we did sell, if we had had a larger supply of the right grades and staple lengths.

When President Nixon announced we were going to float the dollar, he was helping to create a new climate for the American cotton industry. Look at what has happened to the cotton export market since then. American cotton prices had been running consistently above the prices for competing growths. Since August 15, the price of American cotton has generally been running more than half a cent less than foreign growths.

The quoted prices for both U.S. and foreign cotton have drifted upward—but the effective revaluation of the dollar has gained American cotton nearly a cent and a half per pound price advantage in world markets. The President's action has gained us this cent and a half in competitive advantage without cutting the American grower's prices or boosting his production costs. I don't need to tell you that this kind of advantage is tremendously important and useful to American cotton.

Another major factor in the improved cotton climate is the Agricultural Act of 1970. The new cotton program this year has produced near-revolutionary changes within the U.S. cotton industry. It has freed our cotton growers from the bondage of rigid acreage allotments and from rigid marketing quotas and penalties.

This year's cotton crop will be perhaps 8 percent larger than last year's overall, but production in the most efficient growing areas may be up about 25 percent. Less efficient areas are shifting to other crops that offer more profit. As our cotton growers are able to use their equipment and management more efficiently, they can compete more effectively with both manmade fibers and with foreign cottons.

Our cotton growers have the opportunity to reestablish themselves in the world market, if they can profitably expand their production to fill the current void in the cotton export market. The export potential for the 1972 crop is likely to be favorable once again, although perhaps not as good as in 1970 and 1971.

Russia is not likely to match her record 1970-71 crop, which was due to almost ideal weather, so she is not likely to move more strongly into the cotton export trade.

Foreign cotton growers will probably increase their production for next year—perhaps by 2 million bales. However, most of this increase will be absorbed in rebuilding stocks and covering an expected increase in cotton consumption in those countries.

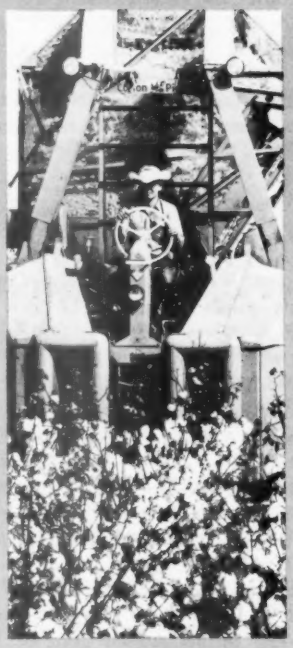
But, I think we must also face the fact that this opportunity could be lost. If we do not produce enough cotton to meet demand, prices will continue very high. This will have two unfortunate effects. First, the mills will turn to more manmade fibers. Second, foreign plantings will increase again. The two developments together could take the bloom off the cotton market for years to come.

A recent Department of Agriculture study indicates that a 10-percent increase in the world cotton price produces a 5-percent gain in production the following year. Acreage goes up. Yields go up too, as farmers add more fertilizer, more irrigation water, and more pesticides.

At the same time, a 10-percent price increase cuts cotton consumption by six-tenths of a percent. The same study shows that if the world price goes up a penny, the United States loses 300,000 to 350,000 bales of cotton exports.

U.S. cotton growers now have the freedom to pursue cotton markets for the first time in recent memory. We have a chance to break out of the downward spiral in which we reduced production to raise prices and, as a result, lost markets so that we had to reduce production again.

If the American cotton grower can compete in the world fiber market, 1972 is the year to prove he can do it.



Strong Demand Expected For U.S. Cotton

The export potential for U.S. cotton appears to be relatively good in 1971-72 (August-July), since foreign supplies are lower than in 1970-71. However, it seems unlikely that the United States has sufficient cotton available for export to take full advantage of the opportunity. Furthermore, international cotton prices well above the level of a year ago may inhibit mill consumption.

Foreign cotton stocks at the beginning of 1971-72 are estimated at 14.7 million bales, down 1.5 million from the level of a year earlier and the lowest since 1967-68. In the Foreign Free World, exporting countries carried over only 5.6 million bales, down 1.6 million or over 20 percent from 1970-71, while stocks of only 5.5 million bales in importing countries were at the lowest level in a decade. Stocks in Communist countries were 3.6 million bales, about 0.8 million more than the level of a year ago, largely because of the record 1970-71 crop in the USSR.

Preliminary indications are that foreign cotton production is likely to increase in 1971-72 but by a smaller amount than the reduction in stocks. Most major foreign cotton-producing countries are believed to have increased acreage in 1971-72 over the previous year. This is particularly true in Latin America since Mexico, Central America, and most of the large producing countries in South America appear to have planted more cotton acreage. Acreage is also up in Spain, the USSR, Nigeria, Pakistan, Turkey, and Iran.

Most other large cotton-producing countries (Colombia, Greece, Sudan, Tanzania, Uganda, Mainland China, India, and Syria) have not significantly changed their cotton acreage in 1971-72. In addition, cotton acreage appears little changed in a number of small African producers (Angola, Cameroon, Central African Republic, Chad, Kenya, Mozambique, and Rhodesia) which together account for a significant quantity of cotton.

Foreign cotton consumption in 1971-72 is expected to total about 45.5 million bales. Since foreign cotton production is likely to be only about 42 million bales, this leaves a deficit of 3.5 million bales which must come out of stocks or be imported from the United States. This is the so-called "residual" that provides a rough measure of export demand for U.S. cotton.

It can be argued that the residual has more significance than usual in 1971-72 since foreign cotton stocks are at such a low level. Low foreign stocks make it unlikely that their need for U.S. cotton can be reduced by further drawing down stocks.

All in all, it appears that foreign demand for U.S. cotton in 1971-72 would support U.S. exports of at least 3.5 million bales. However, U.S. exports may be held to around 3 million bales by the tight supply situation. While the new crop in the United States is currently estimated at 11 million bales, 800,000 above 1970-71, reduced stocks in this country more than offset the increase in production. At 4.3 million bales, beginning stocks in 1971-72 are 1.5 million bales below the level of a year ago. Thus, the total supply of cotton in the United States during 1971-72 is 15.3 million bales compared to 16.1 million last year.

In addition to a reduced supply of cotton, the limited availability of some qualities of cotton may also inhibit U.S. exports. Very little cotton shorter than 1-1/16 inches was carried over from last year, and the shorter staple lengths usually account for more than 50 percent of U.S. exports. On the other hand, it is encouraging to note that 1971-72 production in the areas which produce large quantities of these cottons is estimated to be up several hundred thousand bales over production during the previous year.

Another factor which may dampen foreign demand for U.S. cotton is the continuing upward trend in international cotton prices. These have moved sharply upward in 1971 and stand today at about 7 U.S. cents per pound above the level of a year ago. At the same time, the yarn and cloth markets in a number of important importing countries have been weak. Mills in these countries have been put in the anomalous situation of rising prices for their raw material and steady or even declining prices for their manufactured textile products.

This situation is likely to inhibit cotton offtake, increase interest on the part of the foreign mills in reducing cotton stocks to very low levels, and encourage a further shift by manufacturers to the use of manmade fibers in the place of cotton.

—Ey H. Reiter Webb, Jr.
Cotton Division
Foreign Agricultural Service

Cuba's 1970-71 Sugar Crop Back to Average Levels

By LINDA BERNSTEIN SCHNEIDER
Foreign Regional Analysis Division
Economic Research Service

After a record output last year, Cuba's sugar production returned to average levels in 1970-71.[1] The outlook is for no major increase in output until at least 1972-73.

Production. The current year's sugarcane harvest was completed in July 1971, and output of sugar reached 5.9 million metric tons. This is considerably below last year's 8.5 million tons, but well above the past decade's average. Although a target of 7 million tons had originally been set in December 1970 (and revised to 6.6 million in May 1971), these goals were not stressed as widely as the 10-million-ton goal of the 1969–70 campaign.

The main innovation during this year's campaign was the introduction of a cane-burning system by which leaves were burned off stalks, instead of being removed manually. Although this system is in use in many parts of the world, it had never been widely accepted in Cuba. The main advantages emphasized by the Government were that the new procedure saves manpower and is a prerequisite to the use of certain types of cane combines.

Problems which plagued harvests in the past continued to trouble the one just ended: breakdowns in the mills, absenteeism, low labor productivity, and disruptions in the transportation of cut cane to the mills.

A long drought caused sugar mill shutdowns and harmed newly planted cane. In December, during the winter planting season, precipitation was only 8 percent of the historic average of 41 millimeters. In addition, floods in February—at the height of the harvesting campaign—damaged cane in the main sugar producing Province, Oriente.

Despite the emphasis on cane-burning—which opened the way to greater use of machines—Cuba apparently made little progress in 1970–71 toward mechanization of the sugar harvest. There was some increase in the number of cane combines, but most of the cane was cut manually. A more efficient system of manual cutting, which reduces the number of strokes (the so-called Australian method) was adopted in part of the country.

Trade. Cuba signed trade agreements with a number of countries during the year. Under an agreement signed in March, Cuba will sell a total of 100,000 tons of sugar to Hungary in 1971-73, of which 55,000 tons are scheduled for shipment in 1971. International Sugar Agreement regulations were revised to accommodate this increased trade.

Cuba and Morocco reportedly signed a trade agreement in February under which Cuba would supply 100,000 tons of sugar annually for 3 years. Under an agreement signed with Chile, that country will import 120,000 tons of Cuban sugar annually between 1971 and 1973. No details were released on agreements with the USSR, China, Romania, or East Germany.

The new 1971-75 Soviet-Cuban agreement presumably commits the USSR to finance any Cuban sugar that cannot be marketed elsewhere. This is probably contingent on the volume of Soviet domestic production and the free world market price at the time. In 1970, after the record Cuban crop and low Soviet domestic production, exports to the USSR reached 3.1 million tons. For 1971, however, after making allowances for Cuba's obligations elsewhere, Soviet imports are roughly estimated at only 1.5 million tons.

Prices. The world supply of sugar this year is tighter than in past years. The rate of disappearance (consumption, food processing, stocks) has exceeded the rate of production. Consequently, prices are high: 4.27 cents per pound at the end of July 1971, compared with 3.77 cents in 1970, and less than 2 cents per pound in 1967 and 1968.[2] Also, International Sugar Organization free-market quotas were increased. Cuba's quota for 1971 was set at 2.4 million tons—400,000 tons more than last year's. However, because of Cuba's smaller 1970–71 crop, its total exports will be down.

Forecast. Next year's output is expected to be at a lower level than in 1970-71. In his annual 26th of July speech, Premier Fidel Castro said that the 1971-72 harvest would be "affected" by the 1971 drought, by the reduced availability of herbicides, and by the lingering aftereffects of the record 1969-70 harvest which had considerably strained the economy. Premier Castro does not foresee an upturn in sugar production until 1972-73.

The 1971-72 campaign is slated to start and finish earlier than the previous one. Generally, scattered milling begins in November and December, but the nation's total of 152 mills are usually not all fully active until February. In 1970-71, the first million tons of sugar were produced by January 27 with less than half the mills being active. In 1971-72, plans are to activate all of Cuba's facilities earlier and to conclude the harvest by early May, before the height of the rainy season. The campaign should require less manpower with expanded uses of cane-burning techniques and the Australian cane-cutting system, and the establishment of more cane collection and processing centers.

USSR: SUGAR IMPORTS, TOTAL AND FROM CUBA
(Raw equivalent)

Year	Total	Imports from Cuba: Quantity	Imports from Cuba: Share of total
Average	*1,000 metric tons*	*1,000 metric tons*	*Percent*
1955-59	549	271	49
1960	1,718	1,468	85
1961	3,597	3,345	93
1962	2,485	2,233	90
1963	1,138	996	88
1964	1,867	1,859	100
1965	2,334	2,331	100
1966	1,843	1,841	100
1967	2,483	2,480	100
1968	1,755	1,749	100
1969	1,335	1,331	100
1970	(1)	[3] 3,100	—
1971	(1)	[3] (1,500)	—

[1] Not available. [2] International Sugar Organization, Monthly Statistical Bulletin. [3] Estimate.

Vneshnyaya Torgovlya SSSR, various years, except as noted.

[1] See "Cuba's Record Sugar Output," *Foreign Agriculture*, Nov. 23, 1970.

[2] New York No. 11 Spot Price Greater Caribbean; 96° f.o.b. per pound, bulk; C. Czarnikow Ltd. *Sugar Review* No. 1033, July 29, 1971, p. 128.

CROPS AND MARKETS

Tobacco

U.S. Tobacco Exports Continue Up In August

U.S. unmanufactured tobacco exports in August 1971 were higher in both quantity and value than in August a year ago. As in recent months, tobacco exports continued at above-normal levels. This was apparently the result of earlier than normal movements in anticipation of shipping disturbances later in the year.

The cumulative total for the 8 months January-August 1971 reached 331.8 million pounds—21 percent more than the 274.6 million pounds shipped in the same period of last year. The value of exports at $315.6 million was up 25 percent from that of the previous year.

Exports of manufactured tobacco products are also substantially ahead in the first 8 months of 1971. The cumulative value of all tobacco-product exports at $156.4 million is 28 percent higher than the $122.1 million shipped in the same period of 1970. Except for chewing tobacco and snuff, which continued to decline, exports of all other manufactured tobacco products increased substantially. Cigarette exports of about 22 billion pieces during the January-August 1971 period were up 10 percent. Smoking tobacco in bulk reached 23.5 million pounds, or more than double the volume in the first 8 months of last year.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	August		January-August		Change from
	1970	1971	1970	1971	1970
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	22,023	26,640	190,356	239,327	+25.7
Burley	2,221	3,846	27,989	29,360	+4.9
Dark-fired Ky.-Tenn.	1,709	3,208	11,815	13,631	+15.4
Va. fire-cured [1]	164	399	2,742	1,817	−33.7
Maryland	793	1,647	7,655	6,009	−21.5
Green River	6	56	299	1,043	+248.8
One Sucker	0	69	342	475	+38.9
Black Fat	258	207	1,727	1,644	−4.8
Cigar wrapper	45	439	1,020	1,747	+71.3
Cigar binder	41	5	141	111	−21.3
Cigar filler	107	20	309	109	−64.7
Other	2,188	5,255	30,187	36,569	+21.1
Total	29,555	41,791	274,582	331,842	+20.9
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	27.6	40.3	252.9	315.6	+24.8

[1] Includes sun-cured. Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	August		January-August		Change from
	1970	1971	1970	1971	1970
					Percent
Cigars and cheroots					
1,000 pieces	2,099	5,697	35,433	41,852	+18.1
Cigarettes					
Million pieces	2,309	4,234	19,917	21,976	+10.3
Chewing and snuff					
1,000 pounds	2	3	52	27	−48.1
Smoking tobacco in pkgs.					
1,000 pounds	91	109	593	921	+55.3
Smoking tobacco in bulk					
1,000 pounds	1,167	5,087	11,416	23,502	+105.9
Total declared value					
Million dollars	14.4	31.4	122.1	156.4	+28.1

Bureau of the Census.

U.S. Tobacco Imports Decline in August

Imports of unmanufactured tobacco for consumption (duty-paid withdrawals from customs bond for manufacture) were down in August from August of last year. The total withdrawals of 19.5 million pounds were 17 percent lower than the 23.6 million pounds withdrawn in August 1970. Smaller imports of cigarette leaf (flue-cured and burley) and scrap cigar filler were largely responsible for the drop.

Cumulative imports for the 8 months January-August 1971 were 147.9 million pounds, about 2 million pounds, or less than 2 percent, lower than in the same months of 1970. The total value was also down to $84.5 million compared to $87.8 million in the previous period. The decline in consumption was brought about mostly by a drop in withdrawals of cigarette leaf (flue-cured and burley) which were only 1.3 million

U.S. IMPORTS OF UNMANUFACTURED TOBACCO
[For consumption]

Period and kind	1970		1971	
	Quantity	Value	Quantity	Value
	1,000 pounds	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*
January-August:				
Cigarette leaf (flue & burley)	7,513	1,983	1,257	360
Cigarette leaf, other	93,924	63,501	97,214	62,828
Cigar wrapper	426	1,805	391	1,304
Mixed filler and wrapper	187	802	122	544
Cigar filler, unstemmed	2,433	1,862	2,078	1,899
Cigar filler, stemmed	1,930	2,497	1,860	2,443
Scrap	43,338	15,308	44,725	15,151
Stems	89	4	262	12
Total	149,840	87,762	147,909	84,541
August:				
Cigarette leaf (flue & burley)	3,151	763	84	12
Cigarette leaf, other	12,360	8,357	12,886	8,168
Cigar wrapper	38	123	50	175
Mixed filler and wrapper	27	140	16	78
Cigar filler, unstemmed	720	487	221	241
Cigar filler, stemmed	256	318	252	319
Scrap	6,986	2,201	5,995	2,084
Stems	18	1	10	(1)
Total	23,556	12,390	19,514	11,077

[1] Less than 500. Bureau of the Census.

pounds in the 8 months of 1971 compared with 7.5 million pounds a year ago. Cumulative exports of cigarette leaf and scrap cigar filler continued to be ahead of those in the same period of last year.

Fats, Oils, and Oilseeds

Argentine Flaxseed Sowings Lower

Argentine farmers have sown 35 percent less flaxseed for the 1971-72 season, according to the second official estimate. Only 636,000 hectares (1.57 million acres) were sown—for harvest late this year—compared with 973,000 hectares (2.4 million acres) in 1970-71. Moreover, this is reportedly the lowest acreage since 1900-01.

The sharp decline is attributed to low prices for flaxseed, low prices for this crop relative to alternative crops such as wheat, burdensome supplies, and unfavorable weather.

Livestock and Meat Products

U.S. Meat Imports Down in August

U.S. imports subject to the Meat Import Law totaled 104.9 million pounds during August 1971, compared with 113.0 million in August 1970. Declared entries for consumption during January-August 1971, at 700.1 million pounds, were 13 percent below the 804.5 million pounds imported during January-August 1970.

Smaller declared entries from Australia accounted for most of the decline and offset larger entries from such countries as New Zealand, Mexico, Canada, and Ireland. Imports from Australia totaled 42.3 million pounds. New Zealand followed with 41.2 million pounds, Canada with 6 million, Mexico with 4.7 million, and Ireland with 4 million.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW BY COUNTRY [1]

Country of origin	August		January-August		Percent change from 1970
	1970	1971	1970	1971	Jan.-Aug.
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Australia	66,028	42,316	402,704	299,509	−25.6
New Zealand	30,688	41,181	148,822	154,835	+4.0
Mexico	2,576	4,663	58,230	59,435	+2.1
Canada	5,449	5,992	51,081	52,395	+2.6
Ireland	2,285	4,009	39,742	47,898	+20.5
Costa Rica	97	335	26,653	31,271	+17.3
Nicaragua	2,785	1,834	29,877	22,921	−23.3
Guatemala	1,835	2,632	18,637	14,545	−22.0
Honduras	138	809	15,426	10,832	−29.8
Dominican Republic	77	960	4,506	3,291	−27.0
Panama	170	30	4,524	1,383	−49.4
United Kingdom	723	3	3,410	1,152	−66.2
Haiti	121	173	879	661	−24.8
Total	112,972	104,937	804,492	700,128	−13.0

[1] Fresh, frozen, and chilled beef, veal, mutton, and goat meat, including rejections. Excludes canned meat and other prepared or preserved meat products.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW
[P.L. 88-482]

Imports	August	January-August
	Million pounds	*Million pounds*
1971:		
Subject to Meat Import Law [1]	104.9	700.1
Total beef and veal [2]	130.8	828.7
Total red meat [3]	164.3	1,143.4
1970:		
Subject to Meat Import Law [1]	113.0	804.5
Total beef and veal [2]	133.3	900.0
Total red meat [3]	164.6	1,223.1
1969:		
Subject to Meat Import Law [1]	141.8	733.6
Total beef and veal [2]	151.3	812.9
Total red meat [3]	187.3	1,105.9

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat meat, including rejections. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

Dairy and Poultry

New Zealand Increases Cheese Prices

In mid-September, for the second time in a week, the price of cheese on the New Zealand domestic market rose by 2 New Zealand cents a pound (NZ$1.00 = US$1.12 at official rate of exchange). The price of a pound of mild Cheddar cheese in most shops in Wellington is now equivalent to 41 to 43 U.S. cents per pound. The latest increase became effective on September 13, the second successive weekly increase of 2 cents a pound.

The general manager of the New Zealand Dairy Board stated that the increases were made necessary by two recent upward revisions in the price of cheese to wholesalers by the Dairy Board to keep parity with overseas prices. When the Dairy Board raised the price of New Zealand Cheddar in Britain it also had to increase the price to domestic wholesalers. This prevents the manufacturers from diverting cheese from the local market to more profitable overseas markets.

As of September 15, the price of New Zealand Cheddar in Britain was being quoted at 40.3 U.S. cents a pound for finest grade white rindless in 60- and 40-pound blocks. This is the third price increase for cheese this year. At the beginning of 1971, 60-pound blocks were selling at 33.5 U.S. cents a pound, and 40-pound blocks, at 33.9 cents a pound.

Grains, Feeds, Pulses, and Seeds

Korea To Become a Leading Rice Importer

The Republic of Korea may emerge as a leading rice importer in 1971. Rising consumer demand, a new rice-price-stabilization program which has resulted in a stock buildup,

and unfavorable weather have all played a part in the rising import demand. Corn and wheat imports are also expected to reach record levels in Korea this year, showing tremendous growth over the past 5 years.

Rice imports could reach about 1 million tons (on a milled basis) in 1971 compared with about 730,000 tons in 1970. The United States and Japan would be in the main suppliers. The rice import rise is a significant increase over imports of just 5 years ago, when the Republic of Korea imported only 18,000 tons of rice.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 13	Change from previous week	A year ago
	Dol.	*Cents*	*Dol.*
Wheat:	*per bu.*	*per bu.*	*per bu.*
Canadian No. 1 CWRS-14...	1.93	+1	[2] 2.15
USSR SKS-14	([1])	([1])	([1])
Australian FAQ	1.66	0	1.88
U.S. No. 2 Dark Northern Spring:			
14 percent	1.82	+2	2.05
15 percent	1.97	+2	2.10
U.S. No. 2 Hard Winter:			
13.5 percent	1.78	+1	1.96
No. 3 Hard Amber Durum..	1.74	+1	2.04
Argentine	([1])	([1])	([1])
U.S. No. 2 Soft Red Winter..	1.72	+1	1.88
Feedgrains:			
U.S. No. 3 Yellow corn	1.32	0	1.77
Argentine Plate corn	1.51	−2	1.93
U.S. No. 2 sorghum	1.33	0	1.69
Argentine-Granifero sorghum	1.34	−1	1.70
U.S. No. 3 Feed barley	.96	−1	1.51
Soybeans:			
U.S. No. 2 Yellow	3.39	+10	3.38
EC import levies:			
Wheat	1.54	0	1.27
Corn [2]	1.08	0	.62
Sorghum [2]	1.09	0	.61

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis— 30 to 60-day delivery.

Cotton

Moroccan Cotton Production Drops

The 1971-72 (August-July) Moroccan cotton crop (all Egyptian type) is estimated at 30,000 bales (480 lb. gross), about the same as a year earlier. The estimate for the 1970 crop had to be revised downward as a result of serious insect damage. Acreage will be lower this year than last, but the insect problem is reported to be in better control so that yields should be higher.

By early 1972 a Government textile complex in Fes is scheduled to begin operations and will eventually have 50,000 spindles installed. With the completion of the Fes plant the total number of spindles in Morocco will increase to about 200,000—a production capacity considerably in excess of current domestic requirements.

Imports of upland-type cotton declined somewhat during fiscal 1971 from imports of a year earlier. This has resulted in a decline in stocks, which are now at a very low level. Almost all imports in 1971 were from the United States. Mill consumption is expected to increase this year as the new Fes plant comes into production. Consequently, Moroccan import requirements for upland-type cotton will expand, and should increase the opportunity for U.S. cotton in this market.

Fruits, Nuts, and Vegetables

Storms Damage French Prune Crop

Summer storm damage reduced the 1971 French dried prune pack to 14,000 short tons, 9 percent below the 1970 crop of 15,400 tons, but approximately the same as the 1965-69 average. Reports indicate that between 150,000 and 200,000 trees were damaged by storms in late July and early August. Prune sizes are reported smaller, and processing yield is not expected to be as high as last year.

French prune exports have been relatively insignificant in past years—totaling an estimated 500 tons during the 1970-71 season. Imports are expected to be slightly above the estimated 7,200 tons imported during 1970-71. The United States and Yugoslavia are the major sources of imported prunes.

FRENCH PRUNE SUPPLY AND DISTRIBUTION

Item	1968-69	1969-70	1970-71 [1]	1971-72 [2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 1).	3.0	2.8	1.9	2.8
Production	16.0	17.6	15.4	14.0
Imports	4.2	5.2	7.2	—
Total supply	23.2	25.6	24.5	—
Exports	.9	1.6	.5	—
Domestic disappearance ..	19.5	22.1	21.2	—
Ending stocks (Aug. 31) ..	2.8	1.9	2.8	—
Total distribution	23.2	25.6	24.5	—

[1] Revised. [2] Forecast.

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Foreign Agriculture

Williams Commission Report (Continued from page 5)

• *Immediately and vigorously assert its agricultural interests in bilateral discussions at the highest political level with all parties to the proposed enlargement of the European Community. The need for lower grain price supports in the Community is especially urgent, and should be given primacy.*

• *Seek the strengthening of GATT [General Agreement on Tariffs and Trade] rules and their application and enforcement in agricultural trade. A guiding principle should be that GATT member countries not pass on to their trading partners the costs of their internal programs of farm income support.*

• *Act jointly with other GATT members to urge the gradual elimination of export subsidies, quantitative restrictions, and other nontariff barriers to agricultural trade.*

• *Continue to oppose regional preferential arrangements in GATT agricultural negotiations.*

• *[Give] a high priority in general multilateral GATT negotiations to lower trade barriers in the 1970's. We believe the necessity to negotiate the techniques and levels of domestic price support systems makes a sectoral approach on agriculture an essential preliminary step . . . this approach does not require a self-balancing package. Because agricultural trade flows are not balanced between major nations, equivalency of concessions will be achieved only through broader negotiations involving both agricultural and nonagricultural trade and possibly other international economic matters as well.*

Other agricultural recommendations are directed toward reshaping U.S. policies on domestic production and imports. For imports, the Commission advances the idea that, **provided other countries make appropriate concessions,** the United States must gradually reduce its import barriers to help reach the overall goal of a more market-oriented agricultural trading world. Some recommendations of the Commission are:

• *As a general principle wherever possible the needs for protection against unrestricted entry of products be met by imposition of import duties, not quotas. However, in the case of those products subsidized or "dumped" into U.S. markets, we believe that the United States Government must use its lawful authority to countervail or take other action to protect U.S. farmers.*

• *The United States negotiate a reduction of its import barriers in return for appropriate concessions by trading partners.*

• *The United States make no further increases in dairy support prices and begin a liberalization of dairy import quotas.*

• *The United States take advantage of the expiration of the Sugar Act at the end of 1971 to modify its provisions to open a larger share of our market to imports and at the same time lower the price of sugar to U.S. consumers.*

• *[The United States reexamine its] meat import restrictions (P. L. 88-482). If other importing countries would in companion moves reduce their barriers to beef imports, we believe that the United States can liberalize or eliminate its beef import restrictions without serious impact on our U.S. beef industry.*

Many other of the Commission's recommendations would affect U.S. and international agricultural trade though not framed specifically in terms of agriculture. Such recommendations are on governmental responses to competition from imports; reducing distortions to international competition (especially by working through GATT); export expansion for U.S. products; trade and investment relations with Japan, Canada, and the EC; assisting developing countries through trade and investment; and trade and investment relations with Communist countries.

In addition to Albert L. Williams, its chairman, the Commission consisted of private citizens with experience in industry, labor, marketing, financing, economics, law, and agriculture. The three members with agricultural backgrounds were: Max Myers of South Dakota State University (former Administrator of Foreign Agricultural Service); Kenneth D. Naden, executive vice president of the National Council of Farmer Cooperatives; and William R. Pearce, vice president of Cargill, Inc.

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